

SUMMARY ANALYSIS OF AMENDED BILL

Franchise Tax Board

Author: Laird Analyst: Rachel Coco Bill Number: AB 2722

Related Bills: See Prior Analysis Telephone: 845-4328 Amended Date: May 20, 2004

Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: Natural Heritage Preservation Tax Credit/State Entity Property Acquisitions/Bond Funds/FTB Provide Information Regarding Credits Claimed

DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as introduced/amended _____.

☒ AMENDMENTS IMPACT REVENUE. A new revenue estimate is provided.

AMENDMENTS DID NOT RESOLVE THE DEPARTMENT'S CONCERNS stated in the previous analysis of bill as introduced/amended _____.

FURTHER AMENDMENTS NECESSARY.

DEPARTMENT POSITION CHANGED TO _____.

REMAINDER OF PREVIOUS ANALYSIS OF BILL AS INTRODUCED

☒ February 20, 2004, STILL APPLIES.

OTHER - See comments below.

SUMMARY

This bill would allow the Wildlife Conservation Board (WCB) to award Natural Heritage Preservation tax credits and use bond funds to reimburse the General Fund (GF) for all lost revenue resulting from the award of the credits.

SUMMARY OF AMENDMENTS

The May 20, 2004, amendments made several nonsubstantive and technical changes. Further, the amendments added language that would, in addition to providing the amount of the credit claimed, require the Franchise Tax Board (FTB) to provide any other information needed by the WCB to allocate bond funds correctly to reimburse the GF.

As a result of the amendments, the "This Bill" and "Economic Impact" discussions have been revised and are included below. The remainder of the analysis of the bill as introduced February 20, 2004, still applies.

POSITION

Pending.

Board Position:

<input type="checkbox"/> S	<input type="checkbox"/> NA	<input type="checkbox"/> NP
<input type="checkbox"/> SA	<input type="checkbox"/> O	<input type="checkbox"/> NAR
<input type="checkbox"/> N	<input type="checkbox"/> OUA	<input checked="" type="checkbox"/> PENDING

Legislative Director

Date

Brian Putler

6/8/04

THIS BILL

This bill would allow the WCB to award tax credits in excess of the current \$100 million aggregate limitation. Further, this bill would delete the current 2004/2005 fiscal year limitation thus, allowing the WCB authority to issue tax credits indefinitely. This bill would specify that credits could only be awarded if the amount of the tax credits were reimbursed to the GF.

This bill would allow the WCB to use bond funds to reimburse the GF for the amount of the tax credits. The department or local agency acquiring the donated property would be required to make the reimbursement by transferring the bond funds to the Natural Heritage Tax Credit Reimbursement Account created within the GF by this bill. The transfer would be made based on information provided by FTB.

This bill would require FTB to provide the WCB the amount of the Natural Heritage Preservation tax credits claimed during that year for each qualified contribution. Further, FTB would provide other information, such as type of donated land, needed by the WCB in order to correctly allocate bond funds to reimburse the GF.

This bill would specify that the application of the prospective property donor shall not be accepted unless it includes a signed authorization allowing FTB to disclose to the WCB information necessary to reimburse the GF. The signed authorization would be in a form and manner mutually agreeable to FTB and the WCB.

ECONOMIC IMPACT

Revenue Discussion

The Natural Heritage Preservation Tax Credit Act of 2000 set aside \$100 million for the preservation of qualified property. Actual allocations of tax credits totaled \$37 million for 2001 and 2002. The remaining \$63 million has yet to be allocated (\$100 million minus \$37 million equals \$63 million). Since this bill would eliminate the \$100 million limitation and require the GF to be reimbursed for any new credits awarded, this bill would result in a GF savings of \$63 million. In addition, there would be no future GF losses associated with the credit due to the reimbursement requirement.

LEGISLATIVE STAFF CONTACT

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